

1 4. The ACC found that between August and December 1998, Zanoski sold unregistered
2 securities in the form of sale and leaseback arrangements of pay telephones to three investors who paid
3 a total of \$154,400.

4 5. The ACC found that in the Fall of 1999 Zanoski sold an unregistered security in the
5 form of a Chemical Trust investment contract to an investor in Sun City for \$10,000. The ACC found
6 that Zanoski represented to the investor that the investment would pay 14% annual interest plus an
7 18% bonus after ten years. The investor received one month's interest payment from Chemical Trust
8 before it defaulted on the investment.

9 6. The ACC found that on or about April 25, 2000, Zanoski sold an unregistered security
10 in the form of a viatical policy to investors for \$11,475. The policy was offered by a Florida company
11 that had been indicted on 81 counts of grand theft and one count of organized fraud in February 2000.
12 The funds used by the investors to purchase this policy came from an annuity policy that Zanoski had
13 previously sold the investors and for which the investors paid a surrender penalty when the money was
14 taken from the annuity.

15 7. The ACC concluded that Zanoski, directly or indirectly employed a device or artifice
16 to defraud, made untrue statements of material facts or omitted to state material facts which were
17 necessary in order to make the statements made not misleading and engaged in transactions, practices
18 or courses of business which operated or would operate as a fraud or deceit upon offerees and investors,
19 including but not limited to, failing to inform investors that the securities were not registered or exempt
20 from registration, failing to inform investors that he was not registered as a securities dealer or
21 salesman, failing to disclose the financial incentives he received for selling the securities, failing to
22 provide full disclosure regarding the investments including the risk and his lack of due diligence in
23 investigating the investments, failing to inform investors that he had not contacted the Arizona
24

1 Department of Insurance to determine whether insurance companies issuing bonds to guarantee
2 investments were authorized to transact insurance in Arizona, failing to inform the viatical policy
3 investors that at the time of their investment the company was under indictment and informing
4 investors that their investments were safe.

5 8. The ACC ordered Zanoski to cease and desist from violating the Securities Act, and
6 assessed an administrative penalty of \$10,000 and restitution of \$23,361.25 at ten percent per annum
7 until paid in full.

8 **CONCLUSIONS OF LAW**

9 1. The Director has jurisdiction over this matter.

10 2. Zanoski's conduct constitutes a record of dishonesty in business or financial matters,
11 within the meaning of A.R.S. § 20-316(A)(8).

12 3. Grounds exist for the Director to suspend, revoke, or refuse to renew Zanoski's
13 insurance license, impose a civil penalty and/or order restitution pursuant to A.R.S. §§20-316(A) and
14 20-316(C).

15 **ORDER**

16 IT IS ORDERED THAT Zanoski's insurance license is revoked effective immediately upon
17 entry of this Order.

18 DATED AND EFFECTIVE this 3rd day of April, 2001.

19 
20 _____
21 CHARLES R. COHEN
22 Director of Insurance

23 **CONSENT TO ORDER**

24 1. Zanoski has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

1 2. Zanowski admits the jurisdiction of the Director of Insurance, State of Arizona, and
2 admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law
3 and Order.

4 3. Zanowski is aware of his right to notice and a hearing at which he may be represented by
5 counsel, present evidence and examine witnesses. Zanowski irrevocably waives his right to such notice
6 and hearing and to any court appeals relating to this Consent Order.

7 4. Zanowski states that no promise of any kind or nature whatsoever, except as expressly
8 contained in this Consent Order, was made to him to induce him to enter into this Consent Order and
9 that he has entered into this Consent Order voluntarily.

10 5. Zanowski acknowledges that the acceptance of this Consent Order by the Director is
11 solely to settle this matter against him and does not preclude any other agency, officer, or subdivision
12 of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.
13

14 04-01-01

Date

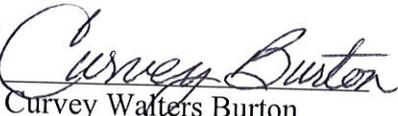
Jerome A. Zanowski
Jerome Alex Zanowski
License Number 28108

16 COPIES of the foregoing mailed/delivered
17 this 4th day of April, 2001, to:

18 Jerome Alex Zanowski
19 9827 W. Metcalf Avenue
Milwaukee, WI 53222

20 Jerome Alex Zanowski
21 18424 N. 98th Avenue
Sun City, AZ 85373
22 Allianz Life Insurance Company of North America
1750 Hennepin Avenue
23 Minneapolis, MN 55403
24

- 1 First Penn Pacific Life Insurance Company
10 No. Martingale Road
- 2 Schaumburg, IL 60173-2065
- 3 Great American Life Insurance Company
P. O. Box 5420
- 4 Cincinnati, OH 45201-5420
- 5 LifeUSA Insurance Company
P. O. Box 59060
- 6 Minneapolis, MN 55459-0060
- 7 Old Line Life Insurance Company of America
P. O. Box 401
- 8 Milwaukee, WI 53201-0401
- 9 Penn Treaty Network America Insurance Company
3440 Lehigh Street
- 10 Allentown, PA 18103
- 11 Southwestern Life Insurance Company
P. O. Box 132699
- 12 Dallas, TX 75313-2699
- 13 USG Annuity & Life Company
P. O. Box 1635
- 14 Des Moines, IA 50306-1635
- 15 Sara M. Begley, Deputy Director
Gerrie L. Marks, Executive Assistant for Regulatory Affairs
- 16 Mary M. Butterfield, Assistant Director
Catherine M. O'Neil, Consumer Legal Affairs Officer
- 17 Maureen Catalioto, Licensing Supervisor
Robert Alonzo, Investigator
- 18 Arizona Department of Insurance
2910 North 44th Street, Suite 210
- 19 Phoenix, AZ 85018

20 
21 Curvey Walters Burton

22
23
24